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ROCHESTER INSTITUTE OF TECHNOLOGY
AMERICAN UNIVERSITY IN KOSOVO

“INFRASTRUCTURE INVESTMENT STRATEGIES FOR INCREASED AGRO-INDUSTRIAL OUTPUTS IN KOSOVO”

Presented by
Siti Insiana

Capstone Project Consultants:

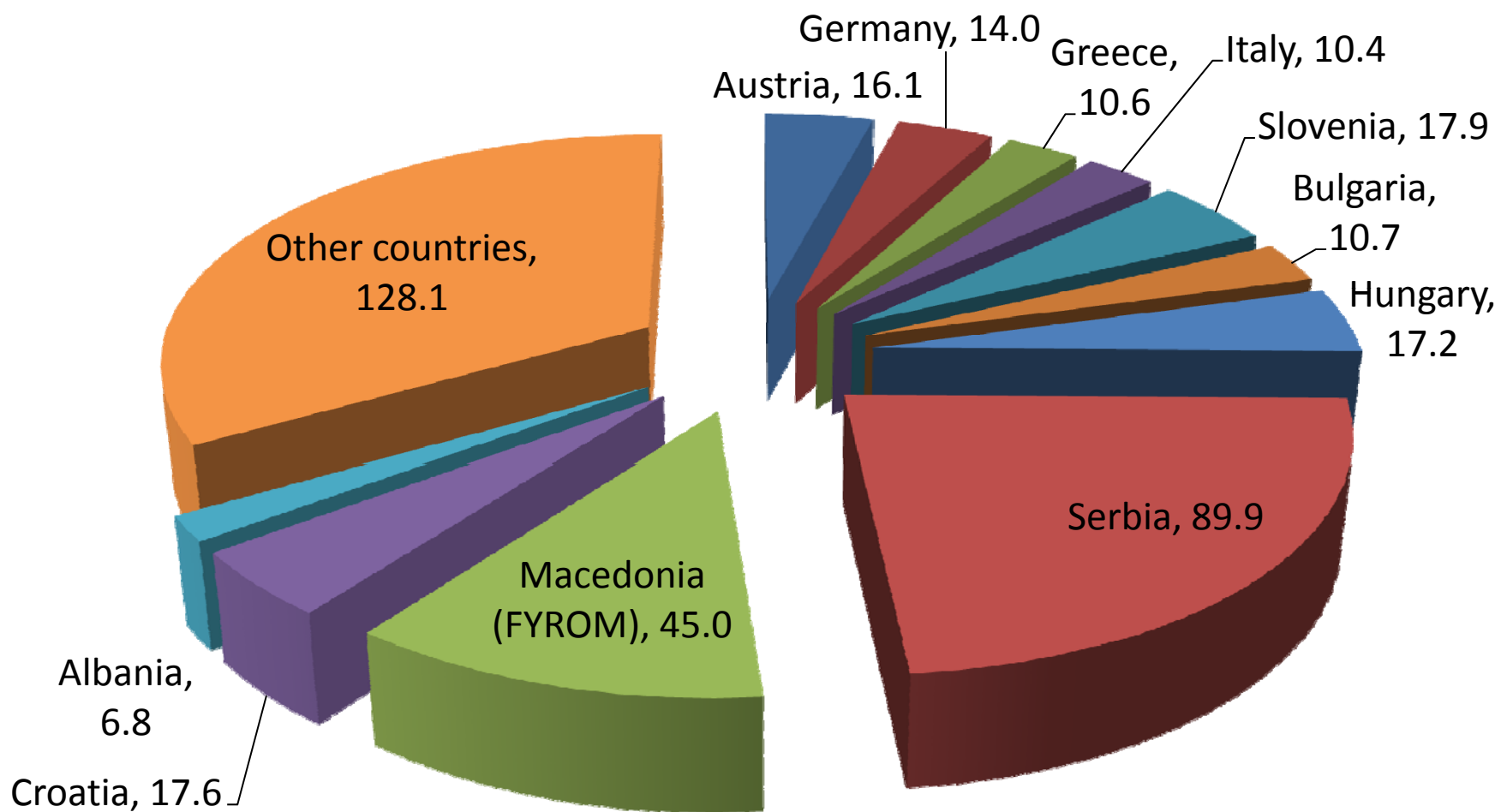
Prof. Thomas E. Traub, PE, C.P.M., LSSBB, Adjunct Professor at Saunders College of Business of
Rochester Institute of Technology (RIT)

Prof. Mentor Thaqi, Ph.D, Professor at Agriculture Faculty - University of Pristina, Kosovo

Capstone Project adviser:

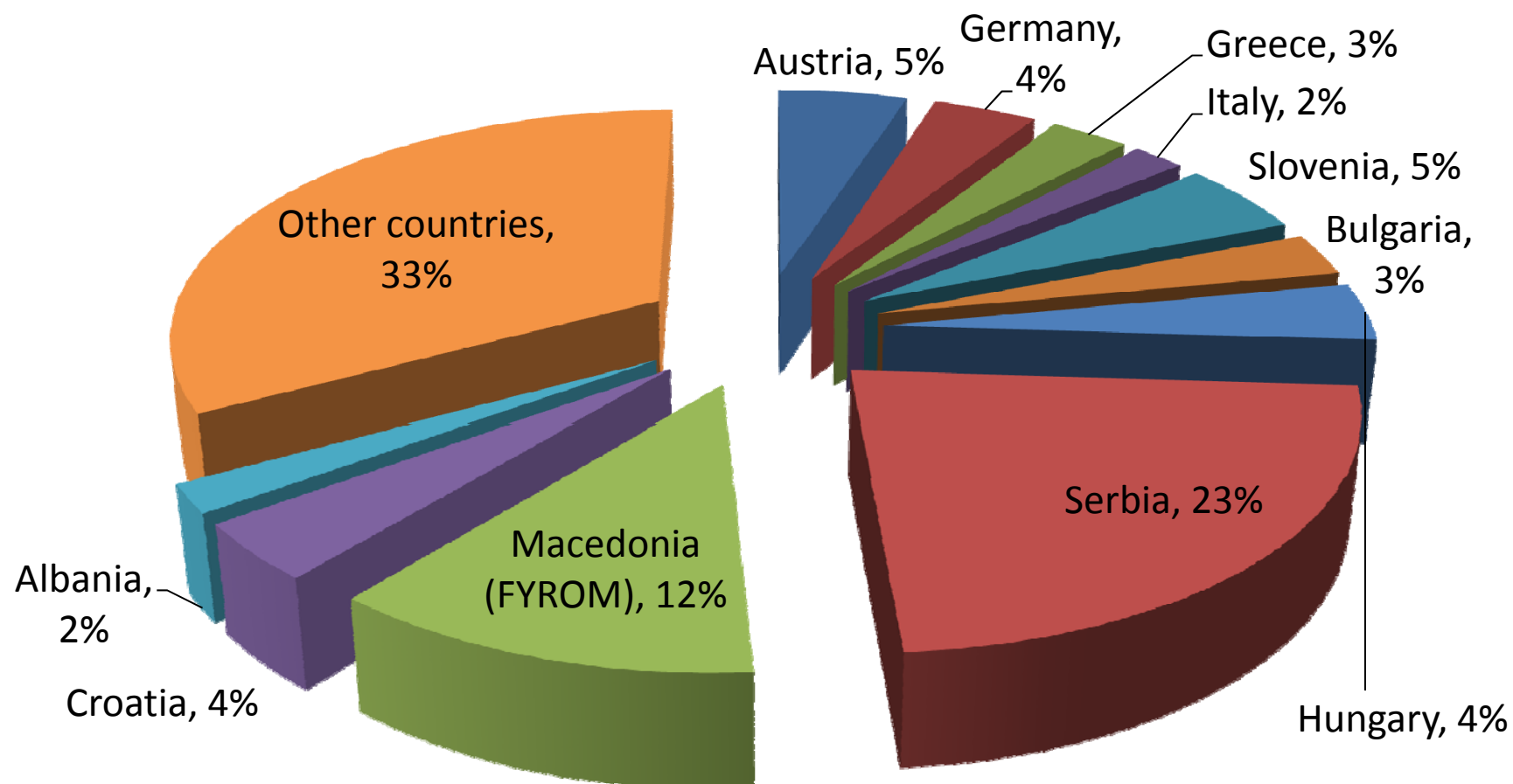
Prof. Brian H. Bowen, Ph. D, Director for Graduate Programs and Research AUK-RIT Center for
Energy and Natural Resources American University in Kosovo (AUK)

Kosovo's agro-food imports by countries in 2007 (in million euro)



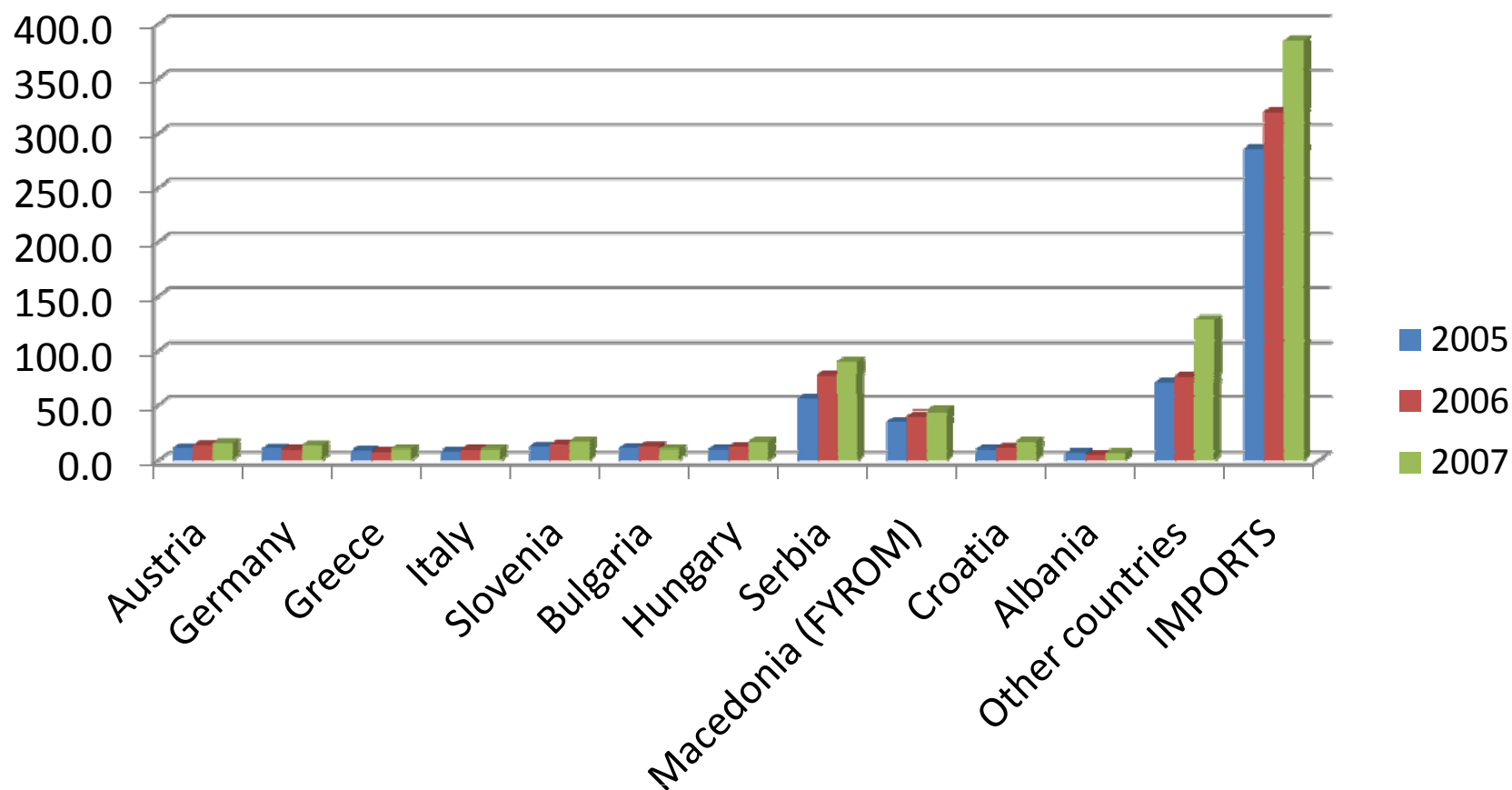
Sources: Agripolicy.net –
Agriculture Statistic table:8.1;
Statistical Office Kosovo (2008)

Kosovo's agro-food imports by countries in 2007



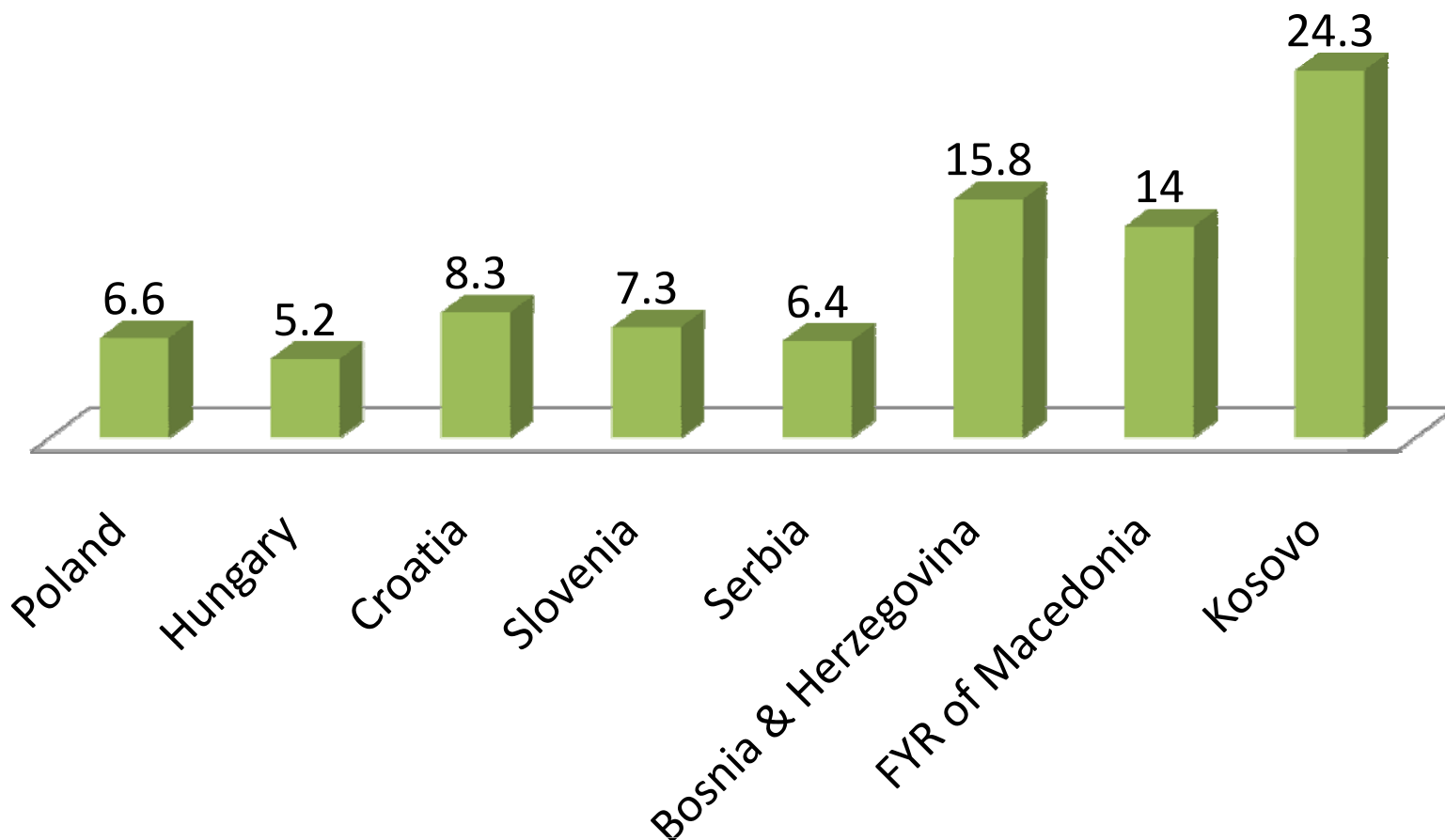
Sources: Agripolicy.net –
Agriculture Statistic table:8.1;
Statistical Office Kosovo (2008)

Increases in Imports in million euro (2005 – 2007)



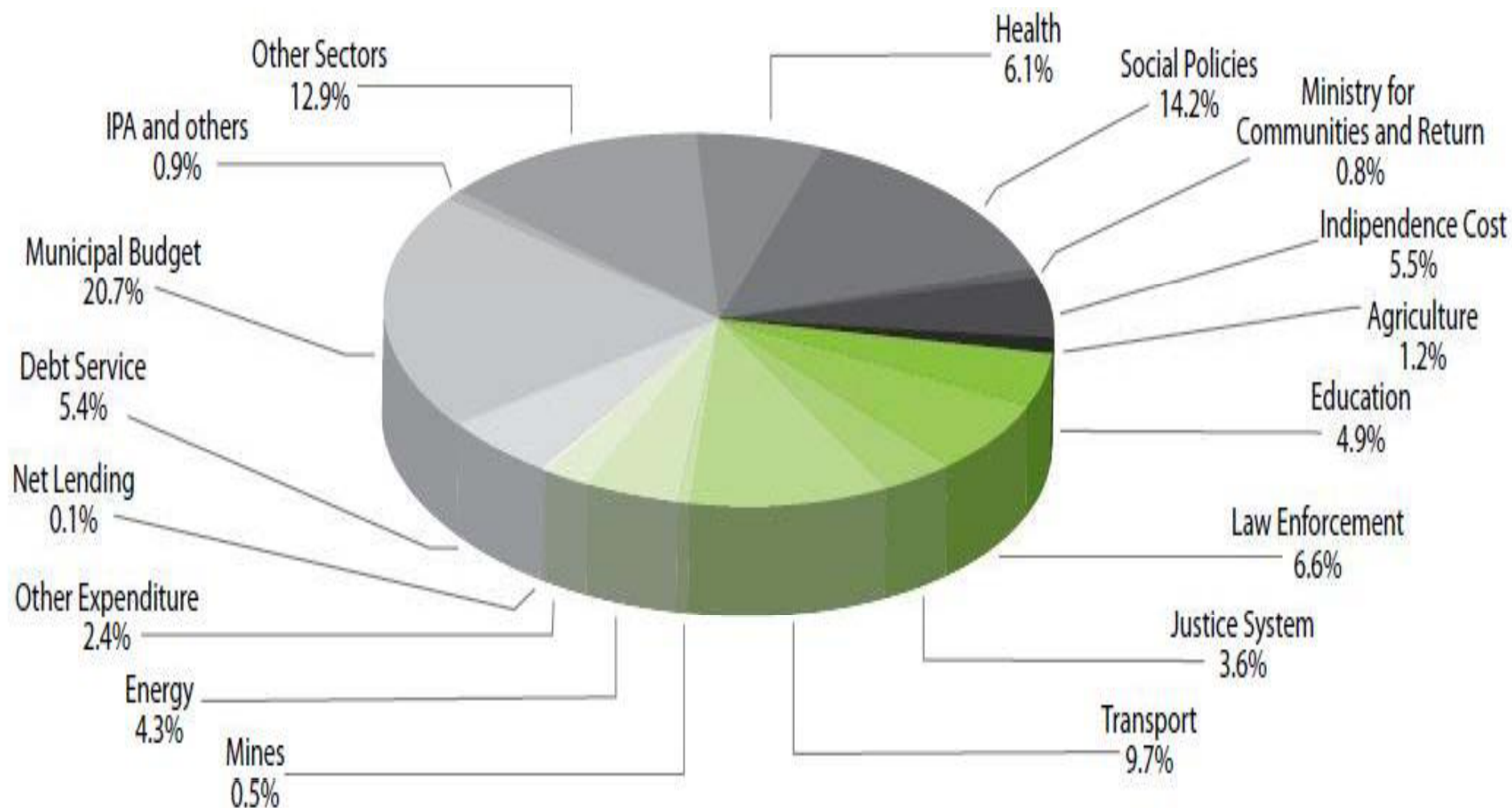
Sources: Agripolicy.net –
Agriculture Statistic table:8.1;
Statistical Office Kosovo (2008)

Share of Agro-food Import in Percentage of Total National Imports



Source: Agripolicy Statistic Table: 8-1

Kosovo Sectoral Public Spending (2009-2011)



Source: MFE, 2008

Agriculture Subsidy in the EU as Compared to Farming Subsidy in Kosovo

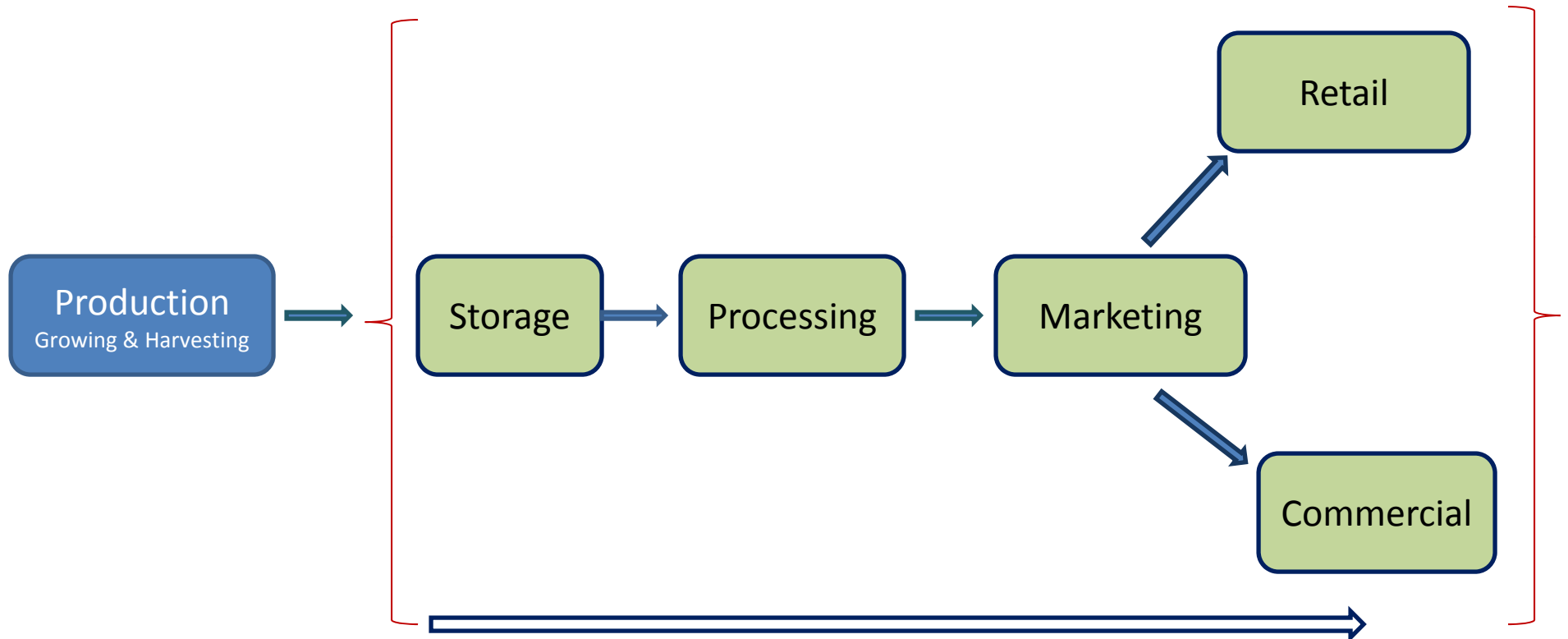
Country	Budget SPS (million €)	GDP in 2008 (million €)	Farming Subsidies in % of Its GDP
(KOSOVO)	2.7	3800	0.07 %
Austria	5205.0	312,000	1.67 %
Denmark	7201.0	255,750	2.82 %
Germany	40307.0	2,757,500	1.47 %
Greece	14480.0	266,258	5.44 %
Poland	15039.0	396,000	3.80 %
Hungary	6093.0	116,250	5.24 %
Bulgaria	2489.0	37,500	6.64 %
Slovenia	712.0	41,250	1.73 %

Sources: Implementation & Vision of CAP in 27 EU Member States; Agriculture a Priority in '09 – Kosovo, Balkan Insights.com

Project's aims

- To assess the need for public infrastructure support during: storage, processing, and marketing (retail and commercial)
- To identify public infrastructure investment strategies and interventions needed for agro-industry in Kosovo to grow and be competitive
- Formulate recommendations with regard to infrastructure support requirement for the sector to grow and be competitive

Capstone Project's Scope



Project's methodology:

(How I gathered data)

- Evaluated agriculture/relevant projects carried out in Kosovo since 2002-2009
- Gathered data from: Statistical Office Kosovo, MAFRD of Kosovo, NGOs and institutions working in the related field, relevant associations, as well as Business Support Center Kosovo (BSCK).
- Interviewed business practitioners and local experts in the agro-industry sector.

Project's methodology Cont'

Current State Assessment

- Issue identification
- Technology requirement evaluation
- Opportunity identification

Future State/Needs Evaluation

- Projection of domestic & export market demand

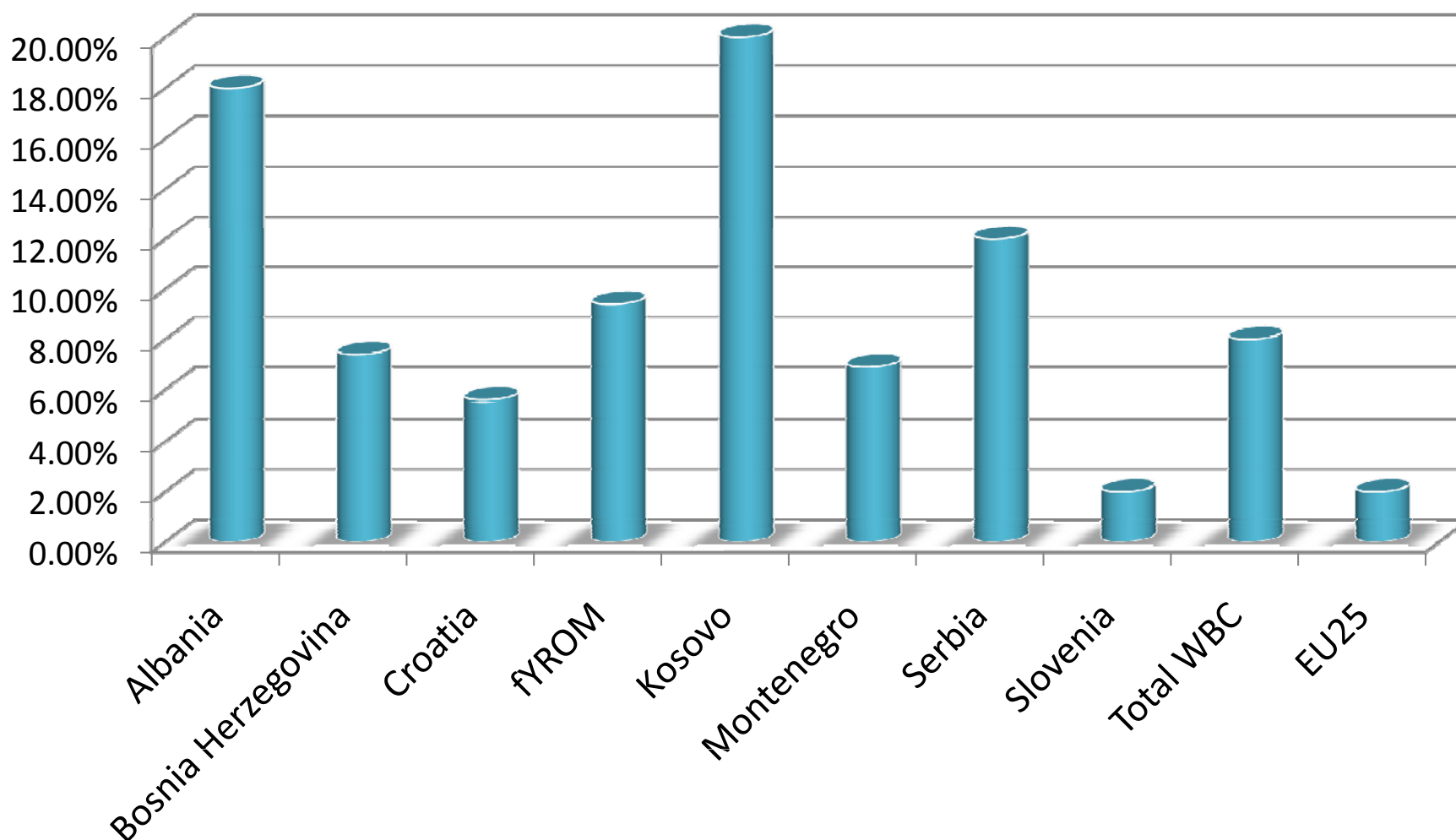
A Web-based Research on Best-practices

(from the region and elsewhere)

Current State Assessment

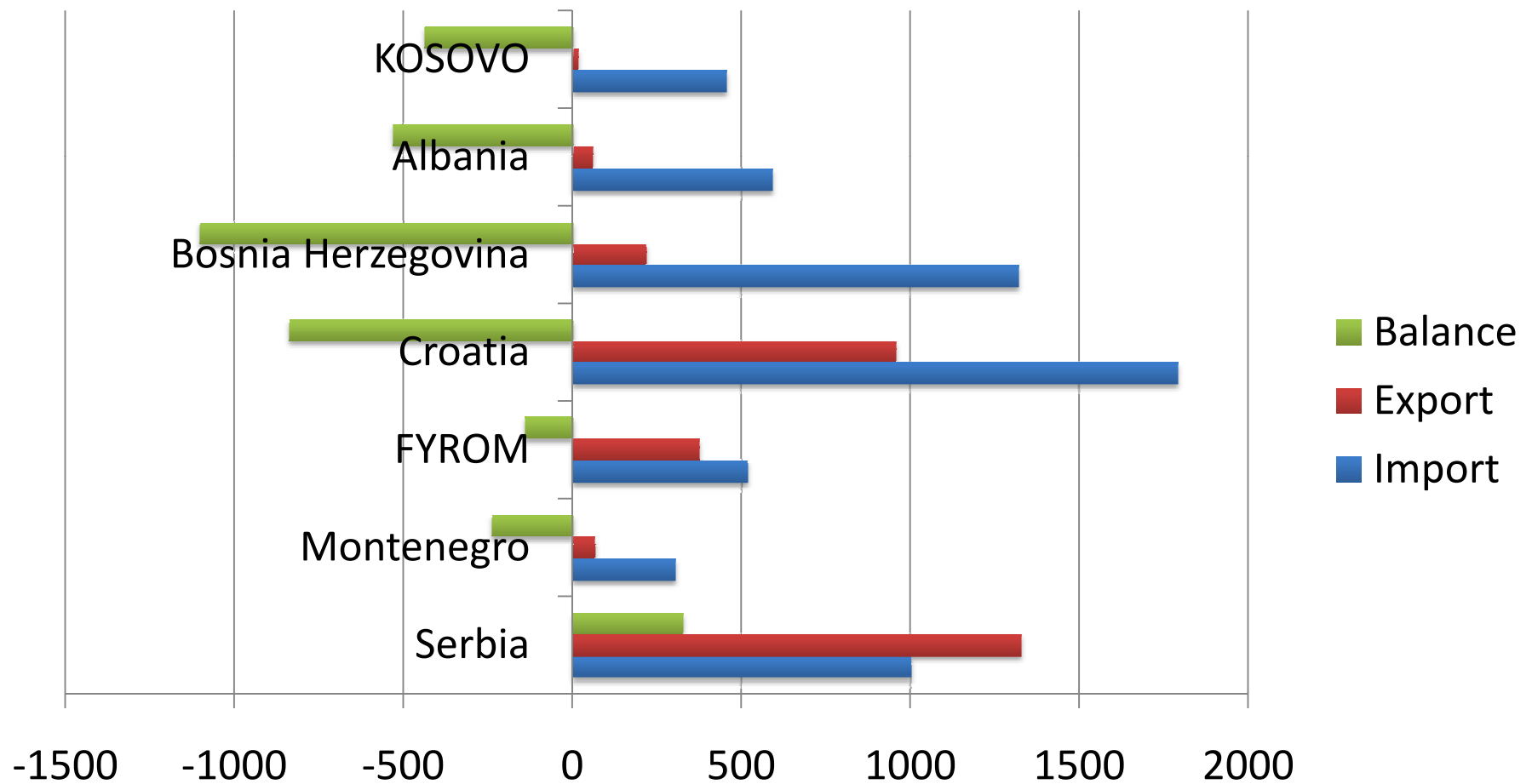
- Agriculture sector in Kosovo's economy
- Agriculture policy
- Overview of the agriculture and food trade in the region
- Projection of domestic demand growth
- Growth opportunity for the sector

Share of Agriculture in GDP (2008)



Sources: Global Finance; Agripolicy.net; SOK 2008

Agriculture export, import, and trade balance by country in million euro in 2008

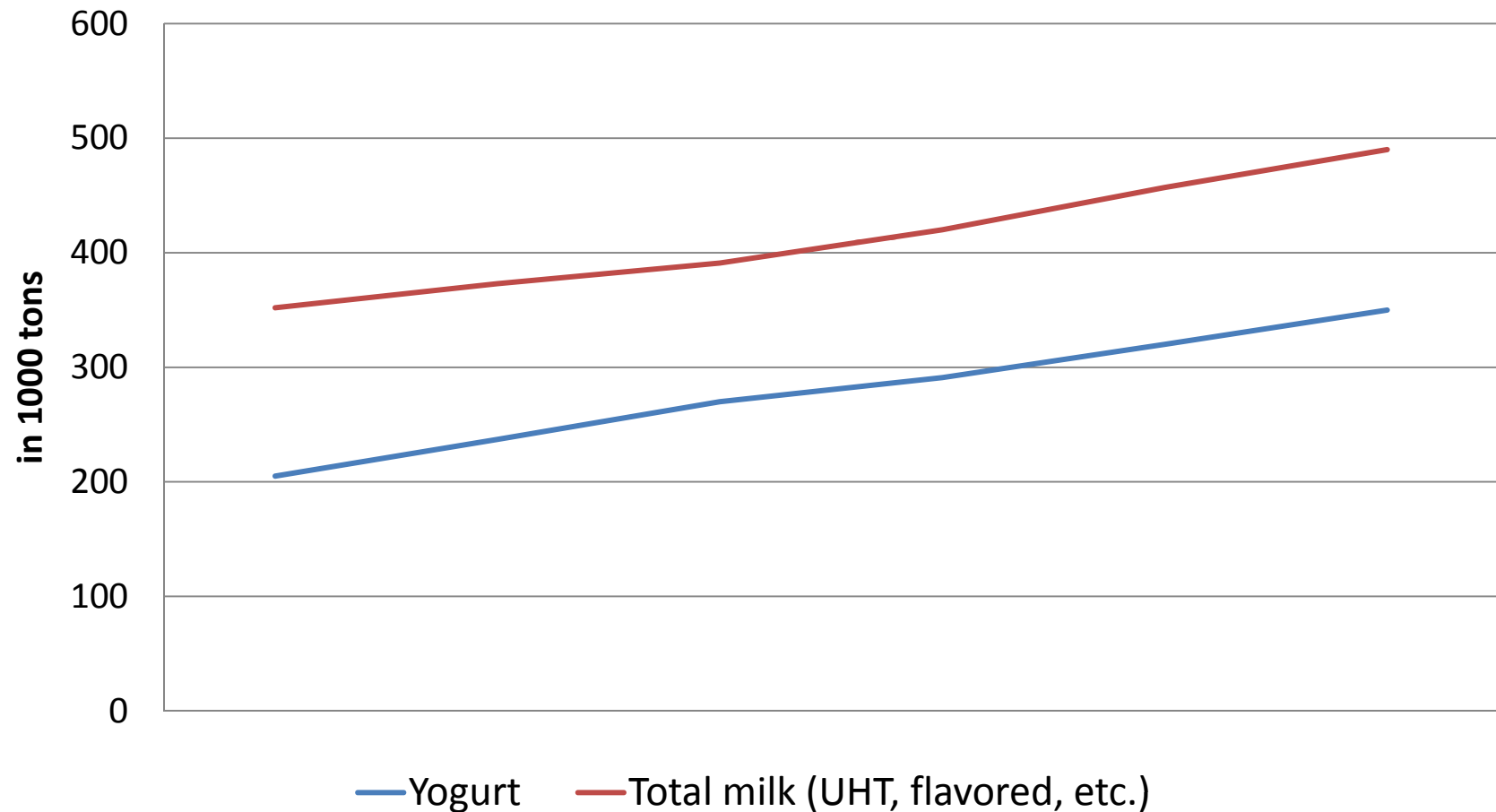


Agriculture Policy and Legal framework for the sector

The top five of them:

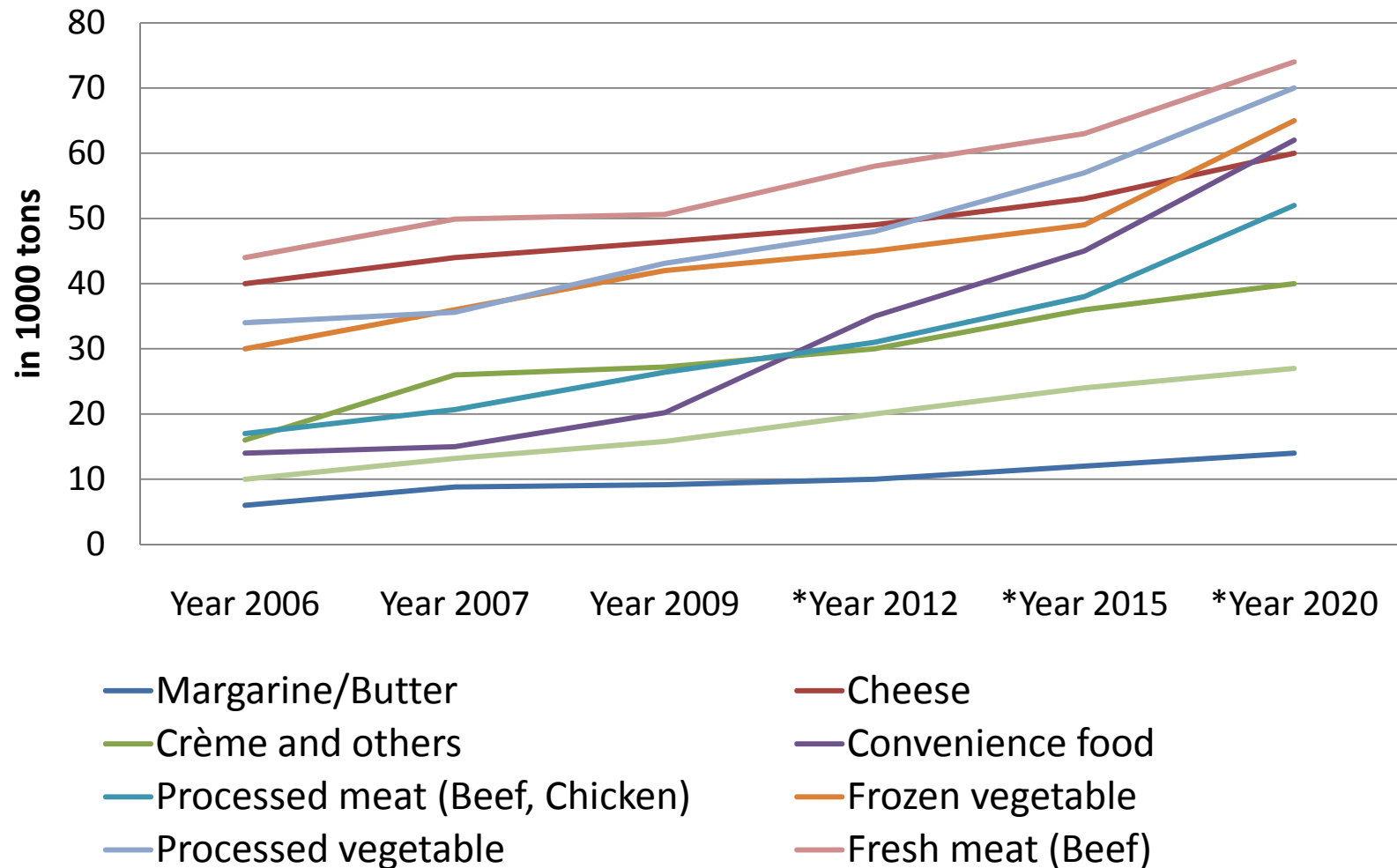
- **The “Green Book” of Kosovo**
- **Agriculture and Rural Development Plan - ARDP strategy for 2007-2013**
- **Law on Food (2009/03-L – 016)**
- **Law on Support to small and Medium Enterprises (2005/02-L-5)**
- **Law on Foreign Investment 2005/02-L-33**

Projection of domestic demand growth for yogurt and milk



Sources: Author's own projection based on the current data on percapita consumptions, adjusted to percapita income and population growth trends

Projection of Domestic Demand Growth for Selected Commodities



Sources: Author's own projection based on the current data on percapita consumptions, adjusted to percapita income and population growth trends

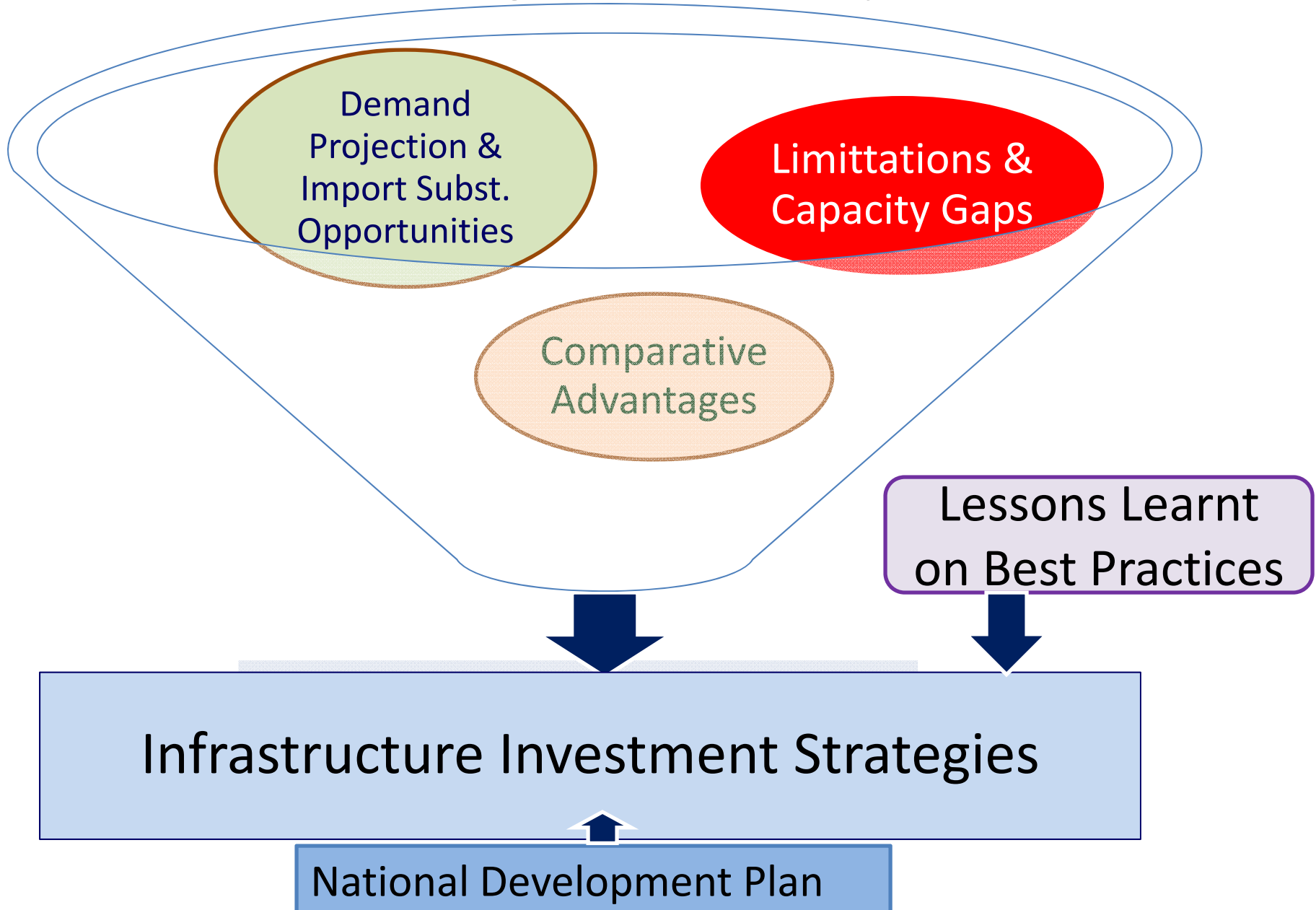
Future potential – Most Promising Commodities of Kosovo



What are the challenges ?

- Issue identification
- Limitations and capacity gaps
- Opportunities – identification of most promising commodities of Kosovo
- SWOT analysis
- Lessons learnt on best practices
- Infrastructure Investment Strategies for the Sector to Grow and be competitive

Charting the Investment Strategic Priorities for Kosovo's Agro-food Industry



Limitations and Capacity Gaps

Technical Limitations:

- The processing technology - less efficient processes than those by competitors - renders compliance to international standards more difficult.

Managerial Limitations:

- Managerial focus on competitiveness
- Managing complex operations
- Not fully grasp the challenges of competition - a lack of anticipation and strategic thinking

- Financial Limitations:

Interest rates for the agro- food sector appear to be higher than for other sectors

Limitations and Capacity Gaps Cont'

Structural Limitations:

- The fragmented nature of the farmland
- high costs for the collection of primary inputs
- government subsidies for agricultural products and production inputs.

Procedural Limitations:

- Weak enforcement of standards and regulations
- lead inconsistency of quality and standards
- resulting in a lack of consumer trust

Growth Opportunities of the sector

Future potential of the following products could be considered:

- ✓ Several potato products, sold in bulk
- ✓ Frozen vegetable, sold in bulk (in particular red pepper)
- ✓ Small fruits such as berries
- ✓ Tomato based products: tomato puree, etc. for export
- ✓ Meat products
- ✓ Dairy products (mainly considering the high growth demand projection)

Lessons Learnt on Best- Practices

- Croatia

SMEs and focusing exclusively on the weak links in the production, processing and marketing chain

- Slovenia

Established a special taskforce in charge of competition.

continuous endeavor of attaining international standards, innovation and new technologies.

- Malaysia

Developed an Agriculture Marketing Agency - promoting local produce under a brand name “Malaysia’s Best”.

Source: Kit Chan Director of K-farm, Malaysia. www.k-farm.com

Infrastructure Investment Strategies for the Sector to Grow and be Competitive

- Strategic Priorities
- Critical Issues to Increase the Sector's Outputs
- The Way forward – Critical Issues to Enhance Competitiveness
 - Food safety and quality standards
 - Sector's limitations and Capacity gaps
 - Marketing strategies – Adopt Best Practices

Conclusion and Recommendations

- Establish a Task-force in charge of competition and competitiveness
- Establish an Agriculture & Agro-food Marketing Agency of Kosovo, for promoting domestic products. Develop a brand name such as “Kosovo’s Best”
- Develop physical infrastructure in the following areas, in order of importance:
 1. Adequate Lab. Facilities
 2. Collection center for inputs
 3. High capacity freezing Facilities
 4. Cool room facilities
 5. Cool truck transportation

Thank you !!

Comments or Questions ?